



PRESS RELEASE

JSW Steel compelled to scale down production to 30%

- *JSW Steel plant at Vijaynagar is compelled to scale down production to 30% of its capacity due to abrupt stoppage of Iron ore ;*
- *Supply disruptions of Iron ore since July 2011 have been causing irrecoverable damage to steel industry in this region;*
- *Honorable Apex Court directive to provide 2.5 Million Ton per month Iron ore supply to steel industry by NMDC / from Stock piles is yet to be achieved*
- *Loss of Steel production in the region due to acute shortage of Iron ore will lead to 0.5% impact on India's GDP, lower revenue to the exchequer (Rs 10,000 Crores) and loss of jobs to lakhs of people.*

New Delhi, September 26: The country's leading steel producer, JSW Steel has been compelled to scale down steel production to 30% from Saturday after the Honorable Apex Court's order directing to sell Iron ore produced by NMDC through E-Auction by Monitoring Committee irrespective of Long Term Contracts. The abrupt disruption of supplies to JSW Steel (long term Customer) by NMDC cut the lifeline to run the furnaces in safe condition.

The Honorable Apex Court vide its order dated 29th July 2011, concerned with rampant illegal mining ordered to suspend all mining

activities in Bellary district of Karnataka. Thereafter, keeping in view the severe iron ore crunch being faced by the industry Honorable Apex Court has ordered to release 1 Million Ton per month Iron ore vide its order dated 5th August 2011 from NMDC mines and thereafter has ordered further release of 1.5 Million Ton per month by E-Auction through Monitoring Committee vide its order dated 2nd September 2011 from already mined material.

The Honorable Apex Court's directive on 5th August 2011 to supply 1 Million Ton per month to steel industry by NMDC even after a lapse of 50 days is yet to be fulfilled. The steel industry in Karnataka region was very appreciative of the Apex court order of 2nd September 2011, to release 1.5 Million Ton per month out of stock piles through E-Auction. This measure has not given any relief as 31% of the total auctioned material was not bought by any of the participants in the E-Auction due to improper pricing for low grade ore. Further, out of the balance 69% of the auctioned material, only 10% was dispatched to the industry till date due to several procedural delays. When there is scarcity of Iron ore to the steel industry, certain grades of Iron ore in the auction was bought at a higher price due to abnormal market conditions.

When the Steel industry in the region has not got the relief granted by the Apex court either from supplies from NMDC, or through release of ore from stock pile through E-Auction, adding NMDC production also through E-Auction by Monitoring Committee will stifle the Steel production further. And artificial scarcity of material may result in the prices of the raw material increasing to unnatural levels.

NMDC determines the price of Iron ore for long term customers in India following the finalization of long term prices with Japanese Steel Mills. The price for long term customers in India is being revised from time to time based on fluctuations in the Iron ore price in the international

market. The low grade Iron ore is auctioned by NMDC in a transparent manner through MSTC, the same agency as recommended for E-Auction of Iron Ore in the Karnataka region approved by the Honorable Apex Court. Hence, NMDC sets the selling price of Iron ore on pan India basis and is applicable across all regions and customers. While all long term customers across India are procuring Iron ore from NMDC directly at the Long term price fixed by NMDC from time to time, sale of Iron ore from NMDC mines in Karnataka region through E-Auction will put the steel producers in Karnataka region at a disadvantage, even if supplies of required quantity and quality are available.

In these circumstances even continuing steel production at the current levels is very challenging unless Iron ore supply of required quality and quantity is restored expeditiously.

JSW Steel, as directed by Honorable Apex Court is representing to Central Empowered Committee and Monitoring Committee to ensure adequate supply of Iron ore at Fair Price to restore normal production as early as possible.

The Steel industry in the Karnataka region is contributing 0.5% to GDP, taxes over Rs 10,000 Crores to Exchequer and providing Employment to lakhs of people. If the steel production is not continuing with timely supply of Iron ore to these industries, the slowing Indian economy will be further burdened from loss of steel production in Karnataka region.

About JSW:

JSW Steel Ltd., belonging to JSW group, part of the O P Jindal Group, is one of the lowest cost steel producers in the world. The group has diversified interest in mining, carbon steel, power, industrial gases, port facilities, Aluminium, Cement and Information Technology. JSW Steel

Limited is engaged in manufacture of flat and long products viz. H R Coils, C R Coils, Galvanised products, Galvalume Products, auto grade / white goods grade CRCA Steel, Bars and Rods. Incorporated in 1994, it has grown to US \$ 9 billion in little over fifteen years. JSW Steel Limited has the largest galvanizing and colour coating production capacity in the country and is the largest exporter of galvanized products with presence in over 100 countries across five continents.

Forward looking and Cautionary Statements:

Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for steel, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which – has made strategic investments, withdrawal of fiscal governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

For Further information, please contact:

<p>Mr. Manish Kalghatgi. (Group-Head, Corporate Communications), JSW Group</p>	<p>Mithun Roy Corporate Communication, JSW Group Mobile: +91 9819000967</p>
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